**AGENDA** ITEM NO. 7.b

LAFCO of Monterey County\_

LOCAL AGENCY FORMATION COMMISSION

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KATE McKENNA, AICP Executive Officer

DATE:

August 23, 2010

TO:

Chair and Members of the Formation Commission

FROM:

Kate McKenna, AICP, Executive Officer

SUBJECT: CALIFORNIA ASSOCIATION OF LOCAL AGENCY FORMATION

**COMMISSIONS -- LEGISLATIVE ACTIVITIES REPORT** 

#### SUMMARY OF RECOMMENDATION:

It is recommended that the Commission accept this report for information only; no action is required at this time.

#### **EXECUTIVE OFFICER'S REPORT:**

On August 13, the CALAFCO Board of Directors approved the attached report on legislative activities. All bills supported by CALAFCO have been approved or will be approved by the end of August.

CALAFCO has a WATCH position and has expressed concern about AB 853, a bill that would impose an unfunded mandate on all LAFCOs. AB 853 would require each LAFCO to identify unincorporated disadvantaged communities that are in or near city Spheres of Influence, and to assess the water, sewer and fire protection infrastructure deficiencies of those communities. AB 853 also provides a process for community members to petition a board of supervisors to apply to LAFCO for annexation to a city (and possibly a district). AB 853 is making its way through the Legislature and may be approved by end of August. If approved, the mandate will take effect in July 2011.

The report also sets legislative priorities for CALAFCO for the coming year. It also includes a letter from the Governor in response to the urging of CALAFCO for funding of Williamson Act subventions in the 2010-2011 State Budget.

Respectfully Submitted,

Kate McKenna, AICP Executive Officer

## Attachments:

1. Memorandum to CALAFCO Board of Directors, Re: Legislative Committee Report and Recommendations, August 13, 2010, including Letter from Governor Arnold Schwarzenegger to William Chiat, CALAFCO Executive Director, Re: Funding of Williamson Act Subventions, June 14, 2010.

## Attachment 1



## Board of Directors Meeting 13 August 2010

# Agenda Item No. 3.4 MEMORANDUM

To: CALAFCO Board of Directors

From: William Chiat, Executive Director

Date: 13 August 2010

RE: Legislative Committee Report and Recommendations

#### RECOMMENDATION

1. Receive and file legislative report

2. Consider recommendations from Legislative Committee for 2010-12 Legislative Projects.

#### DISCUSSION

#### **Legislative Report**

The last two weeks of June saw substantial movement on legislation as the Legislature prepared for summer recess. Many of our bills passed and were signed by the Governor in July. Despite the lack of a budget (and none in sight) the Legislature went on vacation through July. Back on August 2, action is again happening on legislation. Bills are moving quickly as the Legislature is scheduled to adjourn the 2009-10 Regular Session on August 31. August 13 is the last day for fiscal committees to meet and report on bills. August 20 is the last day to amend bills on the floor. We expect to see bills amended at the last minute to meet deadlines and will be carefully watching what happens. The 2011-12 Regular Session of the Legislature is scheduled to convene on December 6.

The Legislative Committee met in a conference call meeting on Friday, 23 July 2010. Please find the summary minutes included as Attachment 3.4a. The Committee discussed and took positions on two pieces of legislation that had significantly changed in June and July.

#### a. AB 853 (Arambula) - Procedures for Annexation of Communities

The bill was changed significantly in two major "gut and amend" amendments along with several other refinements. All of the amendments have been in response to CALAFCO comments and objections that were included in our "oppose" letter on June 9. The bill was most recently amended on August 2 to address our concern on the change in placement of the term "as necessary" in §56425(g). The current version of AB 853 is included as Attachment 3.4b.

As amended this bill does two things: 1) requires LAFCo to identify unincorporated inhabited communities and assess water, sewer and fire protection infrastructure deficiencies when doing a SOI review; and 2) provides a process for community members to petition a board of supervisors to apply to LAFCo for annexation.

The Legislative Committee reconsidered the CALAFCO position on the bill. The Committee recognized that the author had made substantial changes to the bill at CALAFCO's request and that with one exception our objections had been addressed. Nonetheless the bill still imposes a state mandate on LAFCo and local agencies to fund the costs of the required

5. AB 2776 – Restrictions on State Water Transfers. AB 2776 (Huffman and Arambula) was amended to restrict the transfer of State Water Project water allocations from agricultural to municipal uses. A long list of agencies and associations (including ACWA and CSDA) oppose this bill and its previous version, AB 2049. At least one LAFCo has taken an oppose position. Committee members agreed this will be problematic for many local agencies. It does not directly affect LAFCo, however and imposes no requirements or restrictions on LAFCo.

MOTION: No position on AB 2776. (m/Wilson, s/G. Jones, unanimous)

- 6. Legislative and Project Priorities for 2011-12. Committee commissioned a survey of LAFCos on their perspectives priority projects for Committee action in 2010-11 session. 36 individuals completed the survey. Based on the survey and discussion, six priorities were identified by Committee:
  - a. Revision of CKH Definitions. Existing work group was reestablished. Members include: **George, Clark, Scott, Bob** (convener), and **Carole**. First task is to review current definitions for revisions and report at next committee meeting.
  - b. Update of Revenue & Tax Code Section 99. Committee felt CALAFCO role is to raise awareness of the need to update this section and work with legislative committees and other affected associations to convene a workshop to address the necessary revisions.
  - c. Sunsets on §56375.3 and §56434. Examine these two further and recommend either making the sections permanent or remove them from law.
  - d. Modification of SOI Process and Timing. Committee to study this issue further.
  - e. *Protest Provisions*. Follow up on White Paper with legislative proposal to consolidate and simplify protest provisions in CKH and bring greater consistency to the provisions.
  - f. Expand §56133 Out-of-Agency Service Authority. Continue efforts of existing work group to propose changes to this section.

#### 7. Committee Meeting Schedule

Committee meetings will be scheduled after the establishment of the 2011-12 Legislative Committee in October.

The meeting was adjourned at 11:10 a.m.

studies and inventory. The Committee recognized that several LAFCos have taken an oppose position based on the state mandates. The Committee voted to take a WATCH position on the bill and continue to express our concern that this creates an unfunded mandate for cities, counties and districts at a time when resources are not available for new requirements no matter how worthy.

On August 2 Senate Appropriations Committee heard the bill. The Committee analysis expressly stated our concern on the unfunded mandate. We echoed that in the CALAFCO testimony while thanking the author for his work on the many amendments requested by CALAFCO. The bill passed Appropriations 7-2. AB 853 is now on its Third Reading on the Senate floor and will go back to the Assembly for action.

There is some potential that the bill may be amended again in the Assembly. We have heard from the sponsors that they want to add language to allow residents to petition a Board of Supervisors to apply to LAFCo for annexation to a special district that provides water, wastewater or fire protection services. They have also indicated an interest in language regarding §56133 extension of services. No language has been proposed. With very few days left in the session there is always concern about last minute amendments to bills. Staff will brief the Board on the status of this bill at your 13 August meeting.

b. <u>AB 2776</u> (Huffman and Arambula) – Restrictions on State Water Transfers
This bill was 'gutted and amended' to restrict the transfer of State Water Project water
allocations from agricultural to municipal uses. A long list of agencies and associations
(including ACWA and CSDA) opposed this bill and its previous version, AB 2049. At least one
LAFCo has taken an oppose position. The Legislative Committee reviewed the bill and agreed
it will be problematic for many local agencies; however it imposes no requirements or
restrictions on LAFCo. The Committee decided to take no position on the bill.

AB 2776 failed at Senate Appropriations on a 5-5 vote. The Committee granted reconsideration and it will be heard again on August 8.

The following is a brief summary of the current status of the other legislation CALAFCO is following:

- a. AB 419 (Caballero) Placing LAFCo Items on Ballot-time limit: Signed by the Governor. Takes effect on 1 January 2011.
- b. <u>AB 711</u> (C. Calderon) *Funding for East L.A. Incorporation Studies*: Signed by the Governor. Urgency bill; took effect on 7 June 2010.
- c. <u>AB 1668</u> (Knight) Council Election After Incorporation §57116: Signed by the Governor. Takes effect on 1 January 2011.
- d. <u>AB 1859</u> (Norby) *LAFCo Review of RDA Project Areas*: Failed in the Assembly Local Government; bill died.
- e. <u>AB 2795</u> (Assembly Local Government Committee) *CALAFCO-sponsored bill with nonsubstantive changes to C-K-H:* Signed by the Governor. Takes effect on 1 January 2011.
- f. SB 194 (Florez) Use of federal/state block grants for disadvantaged unincorporated communities: Is on the Third Reading on the Assembly floor. Goes back to Senate for concurrence.
- g. <u>SB 894</u> (Senate Local Government Committee) *Nonsubstantive changes to local government laws*: On consent agenda for third reading in Assembly, goes back to Senate for concurrence.
- h. <u>SB 1023</u> (Wiggins) *Reorganization of RIDs/MIDs to CSD*: Signed by the Governor. Takes effect on 1 January 2011.

- i. <u>SB 1174</u> (Wolk) *Pilot program for general plan updates for disadvantaged communities:*The bill is currently in the Assembly Appropriations suspense file.
- j. SB 1232 (Romero) Extension of Time for East L.A. Incorporation Petition: First hearing cancelled by the author; bill died.

#### **CALAFCO 2011-12 Legislative Projects**

This winter marks the beginning of a new legislative session. The Legislative Committee had been considering a variety of potential projects. The Committee commissioned a survey of LAFCos on their perspectives on projects for Committee action in the 2010-11 session. 36 individuals completed the survey. Based on the survey and discussion, six priorities were identified by Committee:

- 1. Revision of CKH Definitions. Review, update and additions to definitions in CKH. A work group was reestablished. Current task is to review current definitions for revisions and report at next committee meeting.
- Update of Revenue & Tax Code Section 99. There are significant discrepancies between sections of the R&T code and CKH. Committee felt CALAFCO role is to raise awareness of the need to update this section and work with legislature and other affected associations to convene a workshop to address the necessary revisions.
- 3. Sunsets on §56375.3 (island annexation protests) and §56434 (extension of services to previously unserved areas). Examine these two further and recommend either making the sections permanent or remove them from law.
- 4. Modification of SOI Process and Timing. Committee to study this issue further.
- 5. Protest Provisions. Follow up on White Paper with legislative proposal to consolidate and simplify protest provisions in CKH and bring greater consistency to the provisions.
- 6. Expand §56133 Out-of-Agency Service Authority. Continue efforts of existing work group to propose changes to this section.

The Committee recommends Board approval of these six legislative projects.

#### Williamson Act

At your 14 May 2010 meeting the Board directed staff to send letters to the Governor and key legislative leaders on the Association's support of the Williamson Act. The Association received the attached letter (Attachment 3.4d) from the Governor. At this point there does not appear willingness on the part of the Administration to provide more than token funding of the Act. Stakeholders continue to meet and seek alternative funding and modifications to the program to bridge the funding gap from the State.

#### **ATTACHMENTS**

- 3.4a Legislative Committee Minutes 23 June 2010
- 3.4b AB 853 "Watch" Letter 28 July 2010
- 3.4c AB 853 Language 2 August 2010
- 3.4d Letter from Governor on Williamson Act

# Attachment 2



## GOVERNOR ARNOLD SCHWARZENEGGER

June 18, 2010

Mr. William Chiat
Executive Director
California Association of Local Agency Formation Commissions
1215 K Street
Suite 1650
Sacramento, California 95814

Dear Mr. Chiat,

Thank you for taking the time to write and share your support for Williamson Act funding in upcoming years. As you likely know from the experience of the past few years, we will face difficult decisions when revising the 2010-11 budget, due to the deep and continuing deficit. Unfortunately, resource conservation, including the Williamson Act, will be among those difficult decisions.

Over the past year, at public events and in private meetings in my office, I have heard from California's agricultural producers, environmentalists, local governments and others who join you in supporting this productive and historic program. As I have said, when this recession ends and revenues return to normal, the Williamson Act will be among the first considered for restoration. My office is working with supporters in an attempt to find innovative solutions for funding agricultural land conservation.

In the meantime, I appreciate your thoughts on such an important and complicated topic. Please know that I will keep your viewpoints in mind over the next few weeks and during budget development in the future. Thank you again for your input.

Sincerely.

Arnold Schwarzenegger

/la